Business Solutions to Value Chain Problems:

Learning from the first Agribusiness Incubator in Ethiopia

Amanuel Assefa

and

Tedla Bekele

(Precise consult International)

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Table of Contents

List of Tables

Abstract

It is customary to see state and non-state agencies supporting smallholder farmers to help them overcome their critical production challenges in value chains. Improving production and productivity is a necessary condition but by no means enough to change the economic world of smallholder farmers. Meaningful and sustainable economic transformation cannot be achieved without addressing the challenges of the key players in the value chain systems. For example, the current progress Ethiopia is showing in agricultural development may not guarantee economic transformation unless challenge that exist between the "production" and "marketing" fronts are effectively addressed. This is a stage where new economic values need to be added to raw products. "Value addition" as a system function is placed at the center of the value chain; with a tremendous potential to stimulate business activities in the upward and downward streams of the value chain. Agri business incubator is therefore one of the key mechanisms to address these challenges. It is a business support institutional framework in which start up companies in agriculture are assisted to grow organically in to successful business ventures. Creating and cultivating new value addition companies is the main trust of Agri business incubators. The incubator model is also interested to support the growing of new businesses in the production and marketing fronts. The process requires a multifaceted approach and continuous engagement of experienced incubator facilitators and managers/coordinators. Well thought-through and organized services are needed to run a successful incubator. These services may include activities such as: aiding entrepreneurs develop innovative business models, assistance in the preparation of bankable business plans, facilitating access to finance, improving access to technologies, securing sustainable markets, building competence in business (mainly through training), providing business promotion services and sector specific information and advisory services.

Precise Consult International, under a cooperative agreement with USAID Ethiopia, launched the first agribusiness incubator project in Ethiopia in November 2012. Dairy, Apiculture and Sesame subsectors were considered in the pilot project. To date, 26 new companies and 10 existing companies with new and innovative business models were supported and most of these companies are now starting to bear fruits. Thousands of farmers have partnered with these companies to supply inputs and hundreds of direct new jobs have been created. Many of the enterprises have already begun to make their products available for domestic and global markets. Lessons drawn from this project have shed light on the current extension and development initiatives of the state and non-state agencies in Ethiopia. It has been proved that making a small shift from the conventional extension practices in to a value chain approach, using the incubator model will help to stimulate the creation of hundreds of new companies and jobs in selected sectors. This approach is useful to successfully respond in complex situations, where the players are diverse, markets are less predictable, interactions are dense and market demands significantly determine the type of innovations needed. This paper deals with the experiences of Precise Consult International in managing the first organized agribusiness incubator project in Ethiopia, with a particular emphasis on results, challenges and lessons learned for scaling up.

1. Background

Agriculture makes up more than 43% of the Ethiopian GDP, generates over 70% export values and provides livelihood for more than 85% of its citizens (UNDP 2013). Though Ethiopia's agricultural potential is considerable, the sector remains focused on primary production - on the supply end of farm to market chains - and provides little of the value added benefits the nation should and could receive. Even in primary production, productivity per hectare remains very low. These constraints emanate from farm input supply market failures, inadequate private sector activity in processing, inability of farmers to produce high quality product standards and the failure of market intermediaries to efficiently link smallholders to markets in which product differentiation is rewarded with higher prices.

Precise Consult International (PCI)[1], under a cooperative agreement with USAID-Ethiopia, is implementing a project entitled: "Ethiopia Sustainable Agribusiness Incubator (ESAI)". ESAI has been organized and successfully working to transform the Sesame, Honey and Dairy subsectors of Ethiopia. It is making progress in increasing the value which is added to the production of basic farm commodities by supporting the creation and sustained development of new companies which embrace innovative business ideas (incubates) and by working with pioneer enterprises whose business models involve the provision of sustainable business solutions to remediate problems and to supply missing elements in the value chains of the three selected commodities.

ESAI envisages bringing about a subsector-by subsector transformation of Ethiopian agriculture through enhancing the competitiveness. Honey, Sesame and Dairy Value Chains are selected in the first round of the ESAI project. By identifying and supporting existing pioneer firms and stimulating and promoting emerging dynamic entrepreneurs, ESAI aspires to enable and nurture the creation of innovative businesses whose primary mission involve addressing value chain problems, value addition and hence, bringing subsector transformations. The project is in its second year implementation. Though it is still a work in progress, various tangible results are already obtained and a lot more promising positive outcomes are expected to be achieved. The precedent with respect to creating and demonstrating the effectiveness of a new kind of institution, which operates in lieu of markets for corporate development and control, is proving extremely valuable impacts in improving efficiency within the Ethiopian business ecosystem. Importantly as well, the project is on track toward achieving specific targeted goals, including the remediation of specific value chain problems and the rapid competitive upgrading of the three focus subsectors. So far ESAI identified and is working with 26 incubatees and 10 lead companies. The focus of about 60% of the incubatees and 90% of the lead companies is agro-processing businesses. This paper describes the theoretical thinking that founded the incubator project, the key services the incubator is providing the innovative business projects in the incubation center, the impact trends and lessons drawn for the project,

[1] PCI is a local premier consulting firm specializing in finance, investment, business intelligence, private sector development, project development, design and implementation.

2. Brief overview of Global Agribusiness incubator experiences

The Agribusiness incubator approach has no very long history in the world. In the past couple of decades it was common to see universities providing support to innovators in technology incubation centers. In some countries, public authorities in science and technology related works also creates a working space for innovators, provide basic tools and avail experts to help people develop new technologies of their own creations, for which the innovators have to pay for the services.

The agribusiness incubator in the context of this paper refers to a business support institutional framework in which start up companies in agriculture are assisted to grow organically in to successful business ventures. Creating and cultivating new value addition companies is the main trust of Agri business incubators. Encouraging Agri-processing companies remains to be the key area of emphasis, although other forms of business like trade, transportation services etc are also critical. Agri business incubation could still be a technology propelled business incubation, which may demand a station where people would like to stay working on technologies before they go to commercialization; or a purely business incubation with out necessarily requiring new technology development as a package or it could be a combination of both. The following are some case studies from Brazil, Chile, Mozambique, Mexico and South Africa, which demonstrate examples of different agribusiness incubator models. The Ethiopia Sustainable Agribusiness incubator has taken important lessons from these case studies to design the project.

2.1. Brazil| CENTEV/UFV Technology Incubator

In a small remote village in Viçosa, Brazil the Federal University of Viçosa (UFV) is home to CENTEV, an agribusiness and technology incubator. The purpose of CENTEV is to nurture entrepreneurs and to develop viable technology-based agribusinesses. This university-based incubator provides management assistance, technical capacity building with expert academic advice, partnership formation, access to finance options (fund raising opportunities), sales and marketing support and credibility through affiliation. CENTEV is financed through private and state grants, which leaves the incubator no room for flexibility in resource distribution. For research fellows, management courses and events CENTEV seeks scholarships from public and private entities. The incubator charges a program fee of $7.00 per square meter of rental space occupied with discounts decreasing from 80% over time, however, consulting services are offered free of charge. Also, the incubator collects 0.5% of the revenue of businesses participating in the incubator program once they graduate to go towards future operations. Since its launch in 1996, there have been 24 graduates and each business has had a 100% success rate two years after graduation. The average revenue generated per incubatee 3-5 years after graduation is $2.5million/year

2.2. Chile |Fundación Chile

Fundación Chile is a joint venture non-profit corporation with an initial endowment of $50 million. The purpose of Fundación Chile is to undertake R&D and foster development in agribusiness and industries Chile has little presence in. The aim of the incubator is to increase Chile's competitiveness by introducing high impact innovations that add value to the productive sector. The primary business model of Fundación Chile is building a public-private alliance that is privately controlled to find promising areas of agribusiness development and suitable entrepreneurs to launch companies and spread innovation. The organization is market orientated with networks as assets for value creation and project scale ups. The incubator provides mentorship and advisement services on how to add value through innovation, provides technical assistance to suppliers, introduces and procures technologies, and finds new market and funding opportunities for entrepreneurs. The success of Fundación Chile can be accredited to its diverse project portfolio, openness towards international partners, consistent initial financial base provided initially by its private partners, its clear sense of mission and vision and its focus on sectors that have a high potential to produce successful companies.

2.3. Mozambique| Technoserve

Technoserve is non-profit corporation specializing in reenergizing and recreating agribusinesses worldwide. The agribusiness incubator develops agribusiness sectors in difficult business environments and transforms entire agro-industrial sectors. The project was originally funded by USAID with a 4-year grant to support the supply chain development in 3 sectors: cashews, horticulture and oil seeds. Technoserve provides advisory services and expertise in specific sectors, provides incentives in the form of matching grants to transform industries, and tests, refines and integrates new supply chain configurations and new technologies. The incubator puts a strong focus on supply chain strengthening, enterprise development activities among middle-of-the-chain integrators and incorporates an artful integration of two kinds of internal competencies: deep hands-on knowledge of specialized agricultural production processes and well tested agricultural market know-how and strong analytic skills. Technoserve develops "pipeline companies" for each sector drives the industry and leads by demonstration and example through an empirical approach to structural refinement (tests various business models through multiyear economic experiments).

2.4. Mexico| Fundación Jalisco

Fundación Jalisco is a private sector agribusiness innovation incubator (business-driven) in the province of Jalisco, Mexico. The non-profit institution is aware of public interests and is dedicated to leading in innovation and business development in its community. Although this incubator is modeled after Fundación Chile, Fundación Jalisco is much smaller and more practical because it focuses on one province instead of the entire country. The tagline of the incubator is, "lean and mean agribusiness innovation"; apply technology not generate innovation. The incubator acts as a coordinator of opportunity by facilitating strategic collaborations with public institutions, entrepreneurs, and society. By linking technical

knowledge from businesses to world markets to the needs of Jalisco's agricultural sector, Fundación Jalisco impacts regional development and raises the quality of life of the population.

2.5. South Africa | Timbali Technology Incubator

The Timbali Technology Incubator in South Africa develops smallholder rural farmers that have been undercut by high volume large farms. Timbali uses a franchise model to train clients in business methods, access to finance, product expansion, value added products and diversification. The incubator initially only focused on flowers, but now has diversified to include more agricultural products. The objective of the incubator is to promote agribusinesses, network linkages, ensuring effective investment management, efficient human resource management and marketing and communications. The incubator is funded by South Africa Development Trade and Industry's Small Enterprise Development Agency (SEDA) and provides fee-based services. These services include: technical assistance in product diversification, sustainable relationships creation for its clients, off-site incubations, business system development and technology transfer.

3. Business incubation in Ethiopia

The Agribusiness incubator, which PCI is running at the moment, is the first of its kind in Ethiopia, but there are other forms of business incubation centers operating in the country. They are however limited in number and on the scope of services provided. The service ranges from trainings, access to finance and mentorship. Trainings mainly focus on business plan development, entrepreneurship and financial management while access to finance includes grants and loans from micro finance institutions. Business incubation initiatives are either government or donor based. The Entrepreneurship Development Center established by the government of Ethiopia in partnership with UNDP is one of the biggest centers in terms of geographic coverage and number of beneficiaries. This center is established with the purpose of developing entrepreneurial mindsets and behaviors of participants and encourages them to materialize unexplored business ideas into reality. The Ethiopian Climate Innovation Center and Dot Ethiopia are also some of sector specific incubation centers, which are working on green technology and ICT respectively. The Ethiopian Sustainable Agribusiness incubator (ESAI), the experiences of which are reported in this article, is the only incubator focusing in the agri-business subsector and being implemented in Ethiopia for the first time by a private sector actor (PCI).

4. The Ethiopia Sustainable Agribusiness Incubator (ESAI)

ESAI is a project designed to encourage, stimulate and support agribusiness enterprises & innovations. It focuses on three agricultural subsectors namely: sesame, honey and dairy. In the selected three sub-sectors, ESAI competitively selects incubatees who operate as keystone enterprises i.e. as test beds for the formation of new kinds of value addition and new models for farm to market linkages. ESAI will test alternative business models, discover economies of scale and scope, experiment with appropriate technologies and attempts to realign government

policies with sector interests. In the competitive process of incubatee selection, ESAI intends to recruit and train innovative entrepreneurs in the concepts of access to finance and business plan development. Following the training, 20 companies were selected through a rigorous competition processes in the first year; and 9 new companies were added in the second year. Three companies tend to leave the incubator (drop out) for several reasons while the 26 companies are still active in the incubator. In addition, ESAI also works with 10 existing companies who showed interest to develop new and innovative business ideas in addition to what they have. In terms of scale and impact, working with existing companies is believed to contribute more to sub sector transformation. With the financial support of Irish Aid, ESAI has also launched recently a matching fund opportunity for innovative Dairy Business, which is now reaching the final stage of implementation. ESAI expects to finance 21 Dairy companies, out of which 14 are new entries to the incubator. Overall ESAI is now supporting 50 companies most of which (>90%) are likely to graduate before the end of the project period (year three).

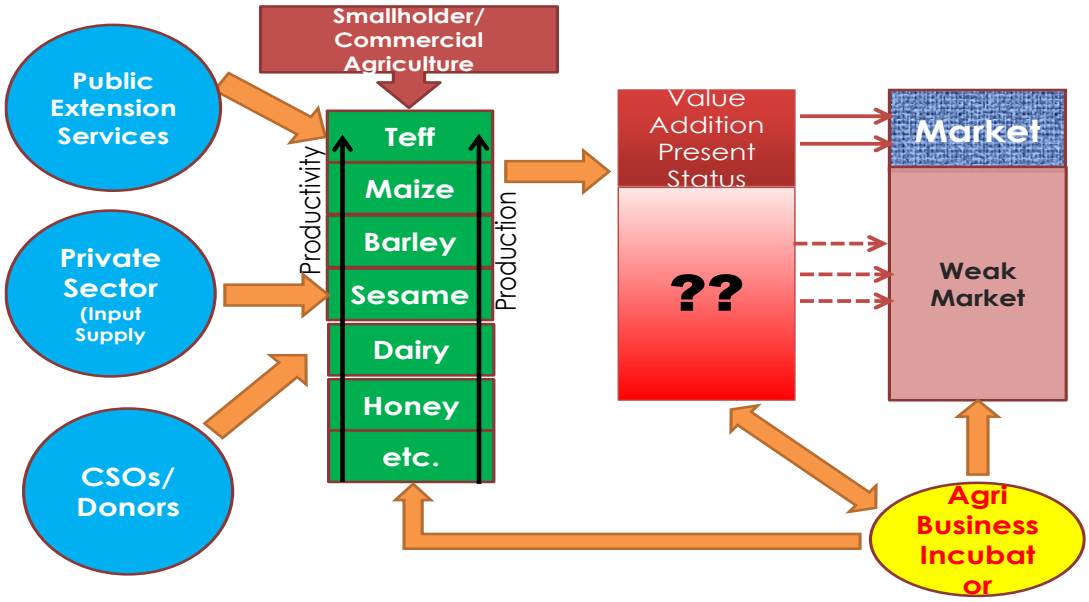
Selecting the right entrepreneurs for the incubator is a prerequisite for the success of the project. Because of this reason the project was very carful in the selection process using the following eligibility criteria.

- Clear link with the dairy and/or apiculture and/or sesame sub-sectors in Ethiopia
- Clear business orientation of the proposed project
- Innovative and/or value adding and/or problem solving business concept
- Socially inclusive and environment-friendly concept
- Business concepts with higher job creation potential are encouraged
- High level entrepreneurial attitude and mind set of applicants
- Proof of commitment

5. The theory of change

A structural transformation of agriculture is required to connect smallholders to markets and to strengthen the demand end of farm to market chains as well as to align activities undertaken within those chains so that efficiency, agility and adaptability are all increased. In Ethiopia, agricultural production and productivity is showing a marked increase at the moment and it is highly anticipated to grow more; as provision of quality seeds and other inputs is improving and the farming systems is markedly showing a tendency of changing from subsistence agriculture to commercial farming (running agriculture as a business entity). While this growth in output is desirable, it may be a mixed blessing unless proactive measures are taken to ensure market growth by developing value addition all along the value chains. Processing capacity of agricultural products is weak in Ethiopia. Diverse value added products will pave the way for entrepreneurship development and will trigger inspiration among farmers to increase productivity through adapting improved agricultural technologies.

Conceptual Framework



6. The Target groups

Originally, the project had the wish to address young university graduates who might have a vision of self-employment in Agribusiness. Right after the announcement of call for proposal, the ESAI project staff paid visits to eight universities found in different parts of the country; to provide orientation on the project and motivate the fresh graduate students join the incubator. Unfortunately, only a few students send concept papers and most of the applications have appeared to be of sub standard. On the other hand, others who are one way or another involved in different business showed interest to join the Agri-business incubator and came up with innovative and potentially high impact business projects.

Table 1: Distribution of incubatees by sex of owners, regions, and areas of engagement.

Sub Sector	Gender		Regional distribution					Areas of engagement			
	Male	Female	Tigray	Amhara	Oromia	SNNPR	Others	Production	Processing	Trade	Integrated
Dairy	10	3	0	3	6	0	4	2	7	2	2
Apiculture	9	7	1	2	7	4	2	4	5	1	6
Sesame	6	1	1	1	2		3	1	6		
Total[2]	**25**	**11**	**2**	**6**	**15**	**4**	**9**	**7**	**18**	**3**	**8**

One of the unique characteristics of the incubator is the fact that it is not interested in cultivating businesses per se, but on innovative business models or technologies. The incubator is even more attracted by business projects that are promising to solve some of the critical challenges of the value chains in short time. ESAI has conducted a very detailed study of the selected value chains (deep dive studies) before moving to the selection of incubates. The key challenges identified through the study were essentially considered as business opportunities and those business projects which were reasonably aligned to these challenges get priority in

[2] 14 of the finalists of the Dairy innovation fund are not included in the above table

the selection process.

7. Value chain challenges & typology of businesses in the incubator

A professionally organized team of ESAI, which was drew from Ethiopia and abroad, conducted the deep dive study in the first half of 2012. Part of the team, which resides outside Ethiopia, provided critical support in terms of studying the value chain on the global end, particularly the relevant issues of international markets. The outcome of the study was primarily used to determine the priority areas of engagements of the project and to outline directions as well as the course of actions. Thanks to the understanding of USAID Ethiopia, unlike most of the conventional donor supported projects, the ESAI project was not forced to start with clearly defined subsector activities and geographic locations. It was agreed that these would take shape after conducting the deep dive study. Stakeholder consultation was conducted before the deep dive study was finalized and the comments of the participants were very helpful to confirm that ESAI has rightly picked the key value chain challenges, which could be effectively addressed by business solutions.

Table 2: Planned interventions to address identified Value Chain constraints of the three subsectors

Dairy	Apiculture	Sesame
Commercial Heifer Production – supplying the market with heifers of known pedigree. Incubating heifer producing businesses (from concept – grounding - marketing)	**Facilitate increased complementarity between the modern and traditional system-**(cost reduction, quality controls, realization of scale economies and innovative business models)	**Facilitate the introduction of improved seed varieties** Non-Shattering & high yielding varieties
Processing for Extended Shelf-Life Products: Developing milk drying plant; Developing local PM production technology	**Introduce New Business Models** (Enabling bulk supply and raising yield)	**Encourage sesame Value Addition:** Sesame Oil extraction, Tahini production, Sesame Hulling, etc.
Stimulating Demand for Dairy Products A franchise business model for Milk kiosks preceded by awareness creation commercials on medias; School Milk Program (partnering with other projects e.g., ENGINE)	**Access/Expand Markets,** (Creating international joint ventures to help local producers comply with international quality standard, labeling, shipping and overall entry)	**Improve the out-grower scheme** Joint Advocacy with other like-minded actors
Niche Specialty Food Product Exports to the US: Working with pioneers to tap the diaspora market (butter and local cheese)	**Facilitate Entry into New Product Lines and Value Addition** (develop adapted, consumer oriented, niche bee products supply)	**Facilitate International Market Linkage** Market information and linkage with international buyers
Developing and Testing New Business Models for Artificial Insemination (AI) Services (expanding coverage by private sector suppliers	**Enforce the existing sound regulations on apiculture** & Advocate for needed changes in policy environment	**Modern farming technologies** Facilitate the introduction of improved and affordable farm implements (Row planters, harvesting machine, etc.)
Dairy goat product expansion		

(diversification)		

The incubator was hosting new businesses, which could potentially address almost all the key value chain challenges as described in table 2 above. Except for the expansion of dairy goat product such as chees and whey, which has very high demands in North America and Europe, ESAI has proved to get innovative business applications related to the key sub sector challenges. Even for the chees and whey business from goats, an applicant from Humera has showed tremendous interest to start keeping dairy goats and introduce specialized processing machinery from Europe. However the progress was slow and the company decided to postpone its plans indefinitely. The following table provides information on how the key challenges of the value chains are being addressed by clusters of business activities run by ESAI incubate.

Table 3: Business Typologies in the incubator

Dairy	**Addressed challenges in the VC**	**Apiculture**	**Addressed challenges in the VC**	**Sesame**	**Addressed challenges in the VC**
Establishment of Dairy processing plants (in Dire Dawa, Asela, Jimma, & Debreberhan)	Limited extended shelf life products (chees, yogurt, pasteurized milk, UHT milk)	Establishment of Honey and wax processing plants (Jimma, Nekemt, Debrezeit, Sheka, & Hawassa)	Facilitate increased complementarity between the modern and traditional system	Transform Sesame seeds, using biotechnology techniques	Facilitate the introduction of non-shattering improved seed varieties
Commercial Heifer production (In Debreberhan & Jima)	Shortage of Heifers in the local market	Establishing Honey collection and trading firms (Wollega & Debrezeit)	Introduce New Business Models	Establishment of factories producing Sesame oil (Axum), Tahini (Addis Ababa), and Hulled sesame (Addis)	Encourage Sesame value addition
Dairy Technologies (Powder milk machine & Mechanical milking machine)	Limited extended shelf life product and poor milk quality	Linking processors with export market (Germany & Middle east)	Access/Expand Markets	Facilitate certification and sales of organic Sesame (Humera)	Facilitate International Market linkage
Enhancing Milk distribution (Kiosks in collaboration with city administration Condominiums, & Universities)	Stimulating demand for milk products	Coffee honey production (Goma, Amfillo, & Nekemt)	Introduce New Business Models	Manufacturing of Sesame raw planter prototype for the first time	Introduce Modern farming technology
Spiced butter export business to the US	Niche Specialty Food Product Exports to the US	Enhanced honey production (Dahna & Debrezeit)	Facilitate increased complementarity between the modern and traditional system	Production of Sesame based nutritious food products (energy bar and cereal mix)	Product diversificatio n
Testing a franchise model for AI and Animal feed businesses	Testing New Business Models	Production of wax based cosmetics & infused honey (Washington & Addis Ababa)	Facilitate Entry into New Product Lines and Value Addition		

8. The services provided

One of the important outputs of this project were the Honey, Dairy and Sesame deep dive studies conducted in the first six months of the project period. These studies did not only help to kick off the project in the right direction but also provided extensive and up-to-date sub sector information for the relevant value chain players (studies uploaded in PCI website). The study covers among others, sub sector description, product description, production process, technologies required, cost and price details, market information, actors in the value chain (actors directory), business environment, key value chain challenges and priority intervention areas. The information generated by these studies was reasonably shared with many value chain actors. In addition to this, the regular and key services provided by the project are briefly described in the next table.

Table 4: Services of the Incubator

INCUBATION SERVICES	DESCRIPTION
1. Business model and Business Plan development	➢ Assistance to make business ideas more elaborate and workable. Incubatees will also be trained and technically supported to develop their business concept in to a bankable business plan.
2. Hand holding services	➢ Need based coaching to facilitate services related to company formation, licensing, staffing etc.
3. Access to technology	➢ Provision of information and facilitating linkage with technology suppliers
4. Market linkages	➢ Provision of local and international market information and linkages facilitation with potential buyers ➢ Market research ➢ Business promotion through development of websites, brochures, logos, etc.
5. Access to finance	➢ Facilitate financing of incubatees' businesses through: ✓ Bank loans ✓ Assistance to access grant funds ✓ Matchmaking and facilitating business partnerships ✓ Linkage with equity investors ✓ Development of I^2 fund ✓ Provision of financial management advisory services ✓ Organizing annual agribusiness investment forums to link incubatees with potential investors
6. Business competence development	➢ Provision of capacity building services in selected core business competence areas including: business plan preparation, entrepreneurship, access to finance, company formation, tax administration, export requirement and transactions, business management/leadership, etc. using different methodologies including training programs and exchange visits.
7. Information services	➢ Establishing a centre equipped with a data base and ICT facilities where existing and potential incubatees and pioneer companies can access essential sector specific and business related information

INCUBATION SERVICES	DESCRIPTION
	➢ Regular compilation of business intelligence data (on price trends, markets, financing opportunities, partnership possibilities, new business opportunities, etc.) and dissemination through SMS, email, website, and newsletter.
8.Networking and learning	➢ Organization of periodic meetings to facilitate networking and learning between incubatees, subsector board members and other stakeholders on common sectoral and business related issues. The networking events, among others, will focus on problem solving, reaching consensus on joint advocacy issues, and identification of learning points

9. What is innovative about this project?

The incubator project is unique for Ethiopia in terms of:

9.1. ESAI is the first of its kind in Ethiopia: There are no other Agribusiness Incubators exist in the country.

9.2. Business solutions to value chain problems: The incubator analyses each sector in depth in order to pinpoint propitious targets for intervention in the market. Existing constraints in each value chains are opportunities for new businesses. ESAI selects and is supporting businesses which seek to address such constraints. Specific examples of businesses being supported by the incubator in this regard include:

- *Institutional milk marketing*: Dairy products in Ethiopia marketed mainly through informal channels, which are irregular and inefficient. While farmers complain about lack of market for their product, supply shortage is an issue raised by urban consumers and producers. With ESAI's incubation supports a new business model developed for Selale dairy producers cooperative union to directly supply its products to big buyer institutions (universities and colleges) existing in the capital Addis Ababa. The absence of middlemen in the supply chain means smallholder farmers and their cooperatives/unions will receive better price for their product. Buyer institutions will get regular supply of raw milk, which is not subject to the risk of adulteration and contamination. The beneficiaries from the side of the University are female students who seek financial assistance to cover their living expenses during their study period. The university provides a space to the needy students to help them establish the kiosks while the Selale Dairy Union with a financial support from LMD (USAID contractor on Livestock Market Development), furnish the kiosks and deliver dairy products at reasonable price to the young female university students who will be working on the retail kiosks. Similar distributions systems are also under way by another incubatee which is a specialized dairy products distribution company, HDDP, in collaboration with the Addis Ababa Bureau of Small and Micro Enterprises as well as with condominium associations. Negotiations are going on to open 20 kiosks in strategic locations, in which more than one hundred young men and women workers will be employed.

- *Honey and beeswax processing*: Ethiopia is known for having a very high potential for good quality honey production. This potential, however, is not fully utilized due to various constraints. The number of honey processing companies operating in Ethiopia is very few contributing to the limited demand and lower price level of the raw product and a disincentive for farmers to produce more of it. With the incubators' support a total of 6 new honey-processing companies established in high potential areas of the country. These companies buy raw honey from smallholder beekeepers in a reasonable price and produce products including: refined honey, infused honey, beeswax, cosmetics and supply to local and international markets.

- *Sesame Raw planter development and commercialization:* Ethiopian sesame farmers sow the crop by broadcasting the seed. This is one of the contributing factors for the prevailing low productivity of sesame. The agricultural research system advises farmers to saw sesame in rows. Small farmers, however, did not afford to buy imported raw planters, which are expensive and requires high traction powers. ESAI brought the issue to the attention of local technologist and one of them came up with the idea of designing a raw planter for the first time in Ethiopia. The new product will be affordable to smallholders; can be operated by human or animal power (ox, donkey, or horse), and with a modest level of training farmers can learn to maintain it. The prototype is already developed and field-testing are planned to be conducted before the product is on the market ahead of the next planting season.

- *Milk powder production*: One of the problems facing Ethiopian dairy farmers is the seasonal fluctuation of milk demand especially during the Orthodox Christians fasting periods. During these times producers will be forced to sell the milk up to 50% reduced prices. A solution to go around this pressing challenge is the manufacturing of products with extended shelf life. With the incubator's support one local technologist has established a business, which seeks to produce milk powder for the first time in Ethiopia using own manufactured machineries.

- *Milking machine manufacturing:* Ethiopian dairy producers mainly employ hand milking practice, which is inefficient, and a source for hygiene related concerns. With ESAI's support, one entrepreneur in collaboration with a technologist are now working to address this issue by locally manufacturing a mechanically operated milking machine which will be available to farmers in a reasonable price. The group has already had a prototype and is finalizing preparations to enter in to mass production.

- *Transformation of sesame seed using biotechnology techniques*: Sesame varieties available to Ethiopian farmers are of shattering types leading to significant (up to 30% of total yield) pre- and post-harvest losses. With the incubator's facilitation support, a Biotechnologist Ethiopian Professor who used to live in USA is now working to transform sesame seed using tissue culture based technology. This process demands the involvement of government, private actors and donor community and expected to take relatively longer period when compared with the other projects in the incubator.

Negotiations are now under way between the Bio-T Square (a company owned by the professor) and the Ethiopian Institute of Agricultural Research to agree on the methodology and plan of actions. Upon finalization, the project will be presented to different donors and the Ministry of Agriculture for financial support. ESAI will continue to play the role of innovation brokering as well as advising on commercialization of the initiative.

9.3. **Focus on start-up new businesses:** Most programs target existing businesses that are tested and bear lower risks. ESAI on the other hand, accepts new business enterprises as long as they are innovative, problem solving, has the market in mind, and the initiator is enthusiastic to commit his/her time and energy.

9.4. **Provision of full-fledged incubation supports:** ESAI provides multifaceted incubation supports to companies enrolled in its program. The incubation services starts right from concept note stages to graduation of the business. The services will be provided on need basis for individual incubators. Details of the services are given in Table 4 above. ESAI has also created a space for the incubatees within the PCI office, and allows them to use information and documentation facilities, including Internet services. This also creates a platform for the ESAI staff and the incubatees to interact effectively.

9.5. **No project fund earmarked for financing companies:** Finance is one of the major prerequisites for establishing and running a business. ESAI has no project fund earmarked for financing incubatee businesses. This, however, did not prevent the incubator from successfully supporting start-up companies to establish and run robust business ventures. ESAI explored different sources of finance for the incubatee/pioneer companies businesses. Sources employed include: incubatees' own resources, bank loans, capital goods financing, crowd funding; grant programs, and equity investments. This is purely the function of intellectual engagements and networking capacity of the ESAI staffs. ESAI also solicited the support of Irish Aid and raised 520,000 USD innovation fund to support innovative businesses in the dairy subsector. Since the project starts operation in November 2012, it has managed to mobilize the equivalent of 8.3 million USD investments in apiculture, dairy and sesame subsectors.

9.6. **Intra incubator business network:** ESAI understands that facilitating business linkages between the incubatees provides lots of opportunities for information exchange, business partnership and investment deals. This was noted when ESAI was organizing training programs for the incubatees where a number of business relationship have started to emerge between project supported companies. This has led ESAI to consider the intra-incubator business network as an important strategy that deserves attention. Consequently, a purposeful meetings and relationship building were facilitated by ESAI staffs to enhance the business network. The most important business networks were build around Honey and Wax producers with cosmetics producers, Dairy, Sesame and Honey related technologists with producers and processors who are also part of the incubator; Milk, Chees, Yogurt and cream producers with distribution companies; Animal feed producers with Dairy Input Providers etc.

9.7. **Sustainability:** Unlike NGO-led initiatives which tend to perpetuate dependency; this innovation promotes private sector led solutions, which have a higher likelihood of sustainability. From the first learning project which is still under way, ESAI has also drew a lesson that it should design a

project where by the incubatees should pay to the incubator when they enter in to the business successfully. All legal and administrative instruments will be introduced to make this happen. This will help the incubator to continue to survive as an institution with less dependency on donor resources.

10. Results and Impact trends

10.1. Business model development and business plans

Business model development takes place in the incubator in two different ways. The first one is when potential investors come to visits ESAI staff and discuss on possible areas of investment. ESAI staff provides extensive information on relevant subjects and some of the discussions may even lead to a critical thinking on specific business modeling. The second approach is more formal and this takes place when the selected incubatees or new applicants come with a business idea that is going to be supported by the incubator. In some cases the ESAI staff may suggest significant modifications while for others little support could be enough to make the suggested business models more responsive to the market needs, making it entrepreneur friendly and to pay attention to some policy issues on business/environment/finance/export law etc.

Preparation of business plans follows approval of the business models by the incubator management. This is a very critical and time taking service the incubator is ought to provide to the incubatees. ESAI strictly believes that the incubatees must have adequate level of exposure on how to prepare its own business plans. This provides them tremendous opportunity to articulate their visions as well as to internalize the business they would like to undertake. Therefore, the project organizes business plan trainings to the new entry and requests them to prepare their own business. However it remains the responsibility of the finance team of the ESAI project to fine tune the business plans and make it qualify the criteria of financial institutions as well as make it appealing for people who would like to become partners of the newly developed businesses. In this regard ESAI has supported the development of 33 business plans only in the first two years of the project.

10.2. Access to finance:

Though ESAI had no budget earmarked for financing incubatee businesses, the project staff worked hard to explore different sources of finance to deliver the promised results of the project. It is indeed an extra ordinary achievement to report that the project is able to mobilize 8.3 million USD investment fund in two years time; utilizing less than 1.5 million dollars of the earmarked 2 million USD project budget for three years. Despite the extraordinary achievement, the project staffs have also drew the lesson that it is very critical to have innovation and investment funds included in the design of an incubator project. This will help the staff to spend quality time to interact with the incubatees to help them implement the new business projects as well as to monitor progress, do action research and interact with the relevant government bodies to lobby and advocate on some critical challenges that blocks innovation and business in Agriculture. In fact, one of the reasons why ESAI is slow to lead the

incubatees to graduation every year (as anticipated during the start of the project) was because the search for finance was a time consuming and challenging task.

The ESAI team was able to work in close partnership with some projects including ASPIRE (SNV supported project on scaling up of apicultural businesses), the USAID supported Livestock Market Development (LMD) project; Agri-Profocus (ICCO supported project to finance small businesses) and the world bank supported and government implemented project on export facilitation, the Ethiopian Competitiveness Fund (ECF). The generous support of the Irish Embassy through its development program coordination unit, Irish Aid; was also very helpful in terms of allowing ESAI to experiment on how to deal with *innovation funds* as well as helping most of the incubatees in Dairy to show quick results.

One of the main targets of ESAI to secure finance for its incubatees is from banks. Tremendous efforts were made to prepare and submit quality business plans to the banks and ESAI has also organized a consultative workshop between the senior managers of the banks and the incubatees to let them learn from one another. This has started to bear results and some of the incubatees are now in the process of securing finance from the banks. Recently ESAI has also recognized that Capital Goods Financing service which is started to be provided by the new government agencies established in five major regions of the country is another important window for incubatee financing. A consultative workshop was again conducted between the heads of the agencies and ESAI incubates has also taken this further to conclude a memorandum of understanding to work together with these agencies. A creative fundraising approach called a *crowed funding* is also being piloted by ESAI. A campaign is already launched to raise fund for one selected business project through a host platform, and ESAI is beginning to see results.

ESAI also successfully organized the first Agribusiness Investment Forum on January 16/2014. Twenty incubatees and four existing pioneer companies pitched their businesses at the forum. The event attracted wide media coverage and created opportunities for promoting the three subsectors the incubator is dealing with. Potential investors are also attracted to invest in the three subsectors.

Table 5: Major results on incubatee financing

	November 2012 – October 2014		November 2014 – October 2015	
	Amount	**Description / Remarks**	**Amount**	**Description / Remarks**
Business Projects submitted to banks	10	A total of 1.8 million USD was requested in debt financing	15	Ramp up number of applications for a bank loan to 15
Loan requests approved by banks	8	A total of 1.1 million USD was approved and $716 thousand pending for approval. A success rate of 60%	10	Secure an additional $2,000,000 in debt financing
Business Projects submitted to grants	29	A total of $1.7 million USD has been requested by ESAI	15	The amount of grant availability and application by ESAI will be reduced to 15
Projects approved for grants	17	(ASPIRE, LMD, AGRI-PRO) have approved $950,911 in grants. A success rate of 55%	8	Secure an additional $500,000 in grant financing for 8 projects
Finance from equity investors requested	4	4 private equity deals in an amount of $1.1 million has been pitched for private investors	4	Pitch and approach 4 investors for financing
Finance from equity investors	1	1 deal in an amount of $576,000 is in final stages of execution. 1 deal in negotiations and 2 have failed due to disagreements in valuation	2	Execute 4 Private Equity Deals in an amount of $500 thousand
Diary Innovation Fund (USAID, Irish AID)	$520,000	A dairy innovation fund for the sector successfully raised by ESAI. Although the fund is available for all active dairy innovation projects, ESAI incubatees applicants consist of 7 of 55	$1,000,000	Scale up Innovation Fund based on experience and success of allocating funds appropriately
Finance made available by entrepreneurs (Own Contribution)	$5,182,652	ESAI has made a mandatory requirement to contribute some amount of cash equity contribution to the projects. The amount of capital from incubatees themselves totaled $5.1 million	$500,000	The amount of equity from ESAI clients may increase depending on financing requirements and whether ESAI accepts new incubatees
Finance from any other sources (alternative financing)	1	Crowd funding campaign for one incubatee was developed and launched to raise $40,000. The final results will be known by mid December 2015.	10	ESAI funding strategy includes crowd funding and intends to launch fund raising campaign from impact investors and scale crowd funding campaigns to at least 10 incubatees

10.3. Business competence building

PCI has established a virtual training center to build the competence of the incubatees included in the program. The key activities were to identify the learning needs, identify experienced trainers and prepare training manuals. So far training programs conducted in 10 different business related topics for 152 trainees. Table 6 depicts the topics of the trainings offered and the number of incubates participated.

Table 6: Training programs conducted

No	Training topics	Trainees			Period	
		Males	Females	Total	Year	Quarter
1	Business plan preparation	21	9	30	2013	4th
2	Entrepreneurship	9	4	13	2014	1st
3	Business Management/Leadership	9	4	13	2014	1st
4	Access to Finance	9	4	13	2014	1st
5	Coffee honey production and marketing	1	1	2	2014	3rd
6	Capital goods financing	19	5	24	2014	3rd
7	Tax Administration	11	6	17	2014	3rd
8	Export trade	10	5	15	2014	3rd
9	Quality and standards	7	5	12	2014	3rd
10	Credit Analysis	4	9	13	2014	3rd
	Total	**99**	**53**	**152**		

10.4. Access to Technologies

ESAI perceived helping incubatees to access technology in two ways. The first one is through establishing a database of technology suppliers (local and international) relevant to the incubatees and creating links between the two players. Furthermore, ESAI provides support in the process of procuring and installing technologies. Secondly, ESAI encourages local technologists to develop, modify or adapt technologies to local contexts where the incubatees are working. ESAI also creates links between the developers and research institutions, universities, and the private sector players who are believed to have the capacity to support the local technologists. The following are the key areas where ESAI was involved in technology processes.

- Facilitating the transformation of sesame seed using tissue culture technology to develop non-shattering and high yielding varieties. This initiative is planned to be implemented in partnership with the Ethiopian Institute of Agricultural Research.
- Development of sesame raw planter by a private technologist. Prototype developed and planned to be tested in the field before commercialization.

- Linking Yerkisho and Babich Honey and wax processing companies with a local technologist to produce a complete line of the factories.
- Linking Brundo International PLC (a food processing plant with export market to USA) with a local technologist to produce a complete line of a spice processing plant which was developed for the first time in the country. The concept of the technology was developed by the incubatee while the production was made by the technologist.
- Assist an incubatee who is planning to produce sesame oil and hulled Sesame at industrial scale, to identify and buy machineries from abroad.
- Assist Honey and wax processing plants (Yerkisho and Babich) get access to Transitional and Modern beehives as well as accessory and introduce it to thousands of farmers who signed partnership with them in out grower farming arrangements.
- Link Lactal creamery (dairy processor) with a technologist working on yoghurt, chees and cream separator machines
- Linked Hiwot farm with a local technologist to adopt an Indian made mechanical milking machine to local conditions and commercialize it for use in small-scale dairy businesses.

10.5. Access to market (Domestic and International markets)

ESAI's engagement in marketing follows three key strategies. The first one is by putting the issue of market as a critical criterion of assessment in the selection process of incubatee. An incubatee which could not prove to have a lucrative market or which has no potential to create a niche market was not included in the incubator. Secondly ESAI pays greater emphases to smallholder farmers to enjoy a sustainable market for their products. This was possible by working with many value addition companies, which are located closely to the primary producers (smallholder farmers) and systematically linked to each other. The last and more difficult market strategy of ESAI is to make sure the export commodities in the incubator have got reliable and sustainable international markets. The project has successfully implemented the first and the second strategies mentioned above, while it is struggling to assist incubatees with the international market. So far ESAI has used the opportunities created by ASPIRE and LMD to penetrate the international market for Honey and Sesame (who had enough resources for international travel and networking). ESAI has also made efforts to assist commercial farmers in Humera to go in to organic certification and facilitate the sales of 1,200 tons of Sesame seed in the international market. Indeed, one of the lessons the project drew in the last two years was that incubator projects need to have a well organized and specialized market team, with enough resources to assist incubatees in the domestic and international markets.

Table 7: Linkages created between smallholders and agro processing industries

	Companies Supported	Number of farmers reached	Contract status
1	Babich Agroforestry PLC	1,239	Signed
2	Yerkisho Honey & Beeswax Trading PLC	40	Signed
3	SYE Agroindustry PLC	600	Signed
4	Sheka-Nordic	980	Signed
5	Dimma Bee keeping D. & Honey Processing PLC	500	Signed
6	i-Zemen General Trading PLC	600	On progress
7	IMX	300	On progress
8	Emebet Commercial Beekeeping	382	Signed
9	Shilo Trading PLC	500	Signed
10	Dehana Amdework Foundation	600	Signed
11	Matti Honey and Beeswax Trading PLC	1,500	Signed
12	Ememaru Beekeeping PLC	500	On progress
13	Lactal creamery	400	On progress
14	DAWIAB	6oo	On progress
	Total	**8,741**	

10.6. Value addition and product diversification

One of the key gaps identified across the three value chains included in the incubator was the absence of adequate value addition industries and product diversification. For example more than 95% Ethiopian sesame is exported in raw form. Due to this the lion share of the benefits from the sesame business is going to other countries which will process and re-export the sesame they import from Ethiopia.

In the dairy sector the major commercial product common in the market is pasteurized milk. However there are opportunities for the production of a range of dairy based products. Product diversification in dairy is not only helpful to provide choices to consumers but also to overcome the demand and supply mismatch created during the fasting seasons of the Orthodox religion followers, which is a dominant social group in the major cities of the country. It has been reported that the religious people abstain for 199 days/per year from taking animal products, including milk.

Table 8: Incubatees involved in product diversification and value addition

No	Production Line	No of Companies	Name of Companies
1	Honey processing	9	Mare, B-honey, Sheka-Nordic, i-Zemen, Assefa & Kebede, Shilo trading, Babich, Yerkisho, Dimma, Beza
2	Product diversification	3	Mare, Emebet, B honey
3	UHT	1	Jimma Dairy Farm
4	Pasteurized milk	2	DAWIAB, Ansas
5	Powder milk	1	Tegegne
6	Yoghurt, cheese & cream	1	Lactal Creamery
7	Clarified butter	1	BRUNDO
8	Sesame Hulling	2	Desallegn Trading, Messele
9	Tahini	2	LAVIVA and K.Mikedem
10	Sesame oil	1	MN Agro Industrial Development
11	Energy bar & Cereal Mix	1	Nutri Dense
	Total	**24**	

10.7. Learning and Advocacy

Learning refers here to the continuous and informal educational and innovation process of the incubatees as well as the incubator project it self. ESAI started to involve and consult relevant players in the value chain during the process of the deep dive studies of the three sub sectors. Several stakeholder consultative meetings were organized before completing the deep dive studies. ESAI also continued to create subsector boards for each of the commodities and meetings were held between the board members and potential incubatees. Key implementation challenges as well as strategic issues are discussed in such meetings. Some advocacy issues are also identified and shaped in such meetings and considered by ESAI in different forums. ESAI conducted purposeful advocacy meetings with higher government officials and important results have been achieved. In addition, ESAI was taking part in several professional association meetings, multi-stakeholder meetings and relevant conferences.

10.8. Creation of companies and Jobs

Creation of competitive agribusinesses, more jobs, new income sources, and food security are the anticipated results of the ESAI project. So far 26 new incubatees have been supported and the project was also working with 10 existing companies, with innovative business models. Moreover, with the support of the Irish Aid fund ESAI is expecting to include 14 new dairy incubates, beginning January 2015. Over all, ESAI is supporting 50 companies with innovative and profitable businesses which have the potential to create new jobs and contribute to fix major constraints of the three value chains. The businesses established with the incubator's support are hiring a significant number of employees. On top of this, they are creating indirect employment opportunities by engaging smallholder farmers and other value chain actors in various support activities related to supply of inputs, marketing of products, etc. A case in point

here includes the opportunities created for smallholder beekeeper farmers to supply raw honey to incubatee companies through out-grower schemes and other forms[3]. The out-grower farmers signed contracts with the companies to supply honey with a reasonable negotiated price. The companies are also providing training to the farmers to produce high quality honey and facilitating credit access for the purchase of modern beehives and accessories.

Table 9: Companies and jobs created

	Subsectors	Number of companies created	Number of direct and indirect Jobs created	
			Jobs created	Jobs expected to be created
1	Apiculture	16	7,741	78
2	Dairy	13	15	1,000
3	Sesame	7	7	109
	Total	**36**	**7,763**	**1,187**

10.9. Potential for scalability

The project is expected to provide rich business problem/solution experiences which can be disseminated and applied throughout the existing value chains and subsequently to other value chains as well. ESAI is also making preparations to design a second phase project, which, in addition to consolidating results obtained in the value chains it is operating in this first phase, also envisages expanding its intervention in to other value chains too. Encouraged by the positive results obtained so far, relevant government institutions are also showing interest to work in partnership with the project. This will lay a fertile ground for the scalability of the innovation. A specific case in point here includes the formal partnership the incubator formed with five government run Capital Goods Financing service provider companies.

11. Challenges and lessons drawn

***Access to finance*:** The ESAI team has managed to mobilize more than USD 8 million from various sources and this is reported as extraordinary achievement. However the project staffs have also drew the lesson that it is very critical to have innovation and investment funds included in the design of an incubator project. The team spent most of its time to raise funds and this has seriously reflected on the speed of the project and the anticipated results in terms of reporting incubate graduation every year. Moreover investment funds will help to facilitate industrial level incubation because the investment funds will be directed to those companies which will have significant impacts in changing the subsector in terms of job creation, product diversification and solving critical problems of the value chains.

[3] For details on the number of farmers and companies engaged in out-grower schemes refer to table 7.

Less commitment of some incubates: The project is now prepared to drop some 8 companies (those companies are not reported in the result section) and the main reason for dropping them off is less commitment of the entrepreneurs. Identifying entrepreneurs who have had experiences in business is potentially very important to find innovative business models that can also enter in to the business quickly. On the other hand, some of the incubatees could be over engaged with other businesses too and the time they may allocate to the incubator will be increasingly low. Another critical challenge in relation to incubatee selection is that some people tend to develop a tendency of looking for free donor money and remains active in the incubator as long as there is free money to be accessed. If not, the commitment of such incubatees will turn to be low. Those are potentially in the drop out list of the project and ESAI management will take decision soon.

Dispersed locations of Incubatees: Unlike the technology incubation centers where incubatees are located in central locations, agribusiness incubatees are usually operating close to high production potential areas. Accordingly, most of ESAI incubatees are scattered across different parts of the country. To closely support the incubatees ESAI staffs have to frequently travel to project sites of incubatees. To go around this challenge, ESAI is considering decentralizing the incubation center by establishing branches in different parts of Ethiopia. The Gonder incubation center is now opened (in northern Ethiopia) and is expected to provide better services to sesame incubatees. This will provide chances to farmers who have the potential to go in to value addition and trading business if favorable conditions are created. ESAI believes that there are some farmers or local people in the rural areas who have entrepreneurial quality but did not get chances to reveal their potentials. Decentralized and localized incubators like the Gonder incubation center will be helpful to address such farmers.

Strengthening technology and marketing support teams: A lot is expected from the project to support incubatees to select/develop technologies and to link them with domestic and international markets. One of the lessons the project drew in the last two years was the need for strengthening its capacity in terms of having qualified teams capable of providing expert support to incubatees in these areas.

Sustainability: The issue of sustainability has to do much here with the potential for the incubator to continue providing services with little or no donor support. The first pilot project of ESAI was fully supported by donor money. Obviously may be one more learning period is required on how to involve the private sector (incubate) finance the incubator. ESAI had learned that it should design a project where by the incubatees should pay to the incubator when they enter in to the business successfully. This however requires a trial period before declaring that the incubator will be self-financed.

Improved Partnership and Linkages: Innovation is a function of networking and partnership. The denser the network a project has managed to create in a market and academic environment, the greater will be the chances for innovation. ESAI has learned that it should be able to strengthen its linkages and partnerships with financial institutions such as the capital goods financing agencies, banks and micro fiancé institutions. It is also important to create

effective linkages with research and university institutions to speed up the development of technologies and to make sure the government regulatory and standards authorities will be able to recognize the technologies. Moreover, as a private sector initiative, ESAI has no a formal relationship with government offices but it is important to establish formal links (with a purpose to be achieved) with those government institutions relevant for the value chains ESAI is dealing with. It is also important for ESAI to broaden its scopes and networks to work closely with internationally known incubators as well as with international institutions, which are interested to support the expansion of incubators as an important strategy of agricultural and industrial development.

Incubating businesses vs. incubating industries: Incubating individual companies will significantly contribute to the alleviation of identified critical value chain constraints, job creation, increased income, etc. The impacts of these types of interventions on the economy are gradual and calls for addressing a large number of incubatees.

To speed up the transformation of subsectors, efforts should also be geared to incubate industries. Targeted investments on selected few critical strategic interventions have the potential to revolutionize the target subsectors within a short period of time.

12. Conclusions

In the last two years PCI/ ESAI had the opportunity to unpack the concept of agribusiness incubation and learn from the success stories and challenges on the ground. The project is supporting 50 companies (mostly in dairy, because of the Dairy innovation support) and expects that about 90% of the companies will start to bear fruits before the end of the project period. The most important context which justifies why ESAI still is a valid entry point for similar kinds of interventions is that the current Agricultural growth Ethiopia is registering is likely to continue, even showing better results in the years to come while the development status of the value addition industries in Agriculture is not commensurate with that. This is a wake-up call for the public and private institutions. Unless the country manages to come up with new and doable strategies to enhance the agribusiness sector, farmers who are enjoying the yield increment on various agricultural products might happen to be discouraged because of the low price level in the market, to be caused by excess supply. This will have tremendous economic and political implications to the country. The incubator project is therefore potentially a very important instrument to overcome these challenges.

The inclusion of investment and innovation funds in the incubator project package is also another critical lesson the project has learned. Investment funds will help to trigger industrial scale incubation. This will be possible by supporting pioneer companies with innovative ideas and with a potential of transforming the subsector but remained constrained, mainly because of financial and technological challenges. Supporting such companies will have impacts on the backward and forward linkages of the industry. The impact is therefore more than supporting one company, leading to transforming the industry.

In the second phase of ESAI, PCI is making preparation to support the government plan of GTP 2 by incubating 200 new companies in 8 subsectors (70% on value addition), creating more than 2,000 direct jobs and sustainably linking more than 100,000 farmers to markets. PCI is open to work with interested donors and government institutions which can share the vision of transforming Ethiopian agriculture on sub sector by sub sector basis.